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8 UNITED STATES DISTRICT COURT
9
10 NORTHERN DISTRICT OF CALIFORNIA
11 SAN FRANCISCO DIVISION

12 NEXTDOOR.COM, INC., a Delaware
corporation,

13 Plaintiff,

14 vs.

15 RAJ ABHYANKER, an individual,

16 Defendant.

Case No. 3:12-cv-05667-EMC

**DEFENDANT AND
COUNTERCLAIMANT RAJ
ABHYANKER'S SECOND AMENDED
DESIGNATION OF TRADE SECRETS**

Case Filed: November 5, 2012
Judge: Honorable Edward M. Chen

17 RAJ ABHYANKER, an individual

18 Counterclaimant,

19 vs.

20 NEXTDOOR.COM, INC., a Delaware
21 corporation; PRAKASH
JANAKIRAMAN, an individual;
22 BENCHMARK CAPITAL PARTNERS,
L.P., a Delaware limited partnership;
23 BENCHMARK CAPITAL
MANAGEMENT CO. LLC, a Delaware
24 limited liability company; SANDEEP
SOOD, an individual; MONSOON
25 ENTERPRISES, INC., a California
corporation, and DOES 1–50, inclusive;

26 Counterdefendants.
27
28

I. INTRODUCTION

Around September of 2006, Defendant and Counterclaimant Raj Abhyanker developed the concept of a private online neighborhood social network for inventors to be called LegalForce, and a separate spin off idea using the same code base called Nextdoor. In connection with his LegalForce and Nextdoor concept, Abhyanker developed trade secret information, including, but not limited to, key product details, algorithms, business plans, security algorithms, database structures, user interface designs, software code, product concepts, prototypes, methods, works of authorship, trademarks, white papers, and instrumentalities, information and plans pertaining to, but not limited to, software that makes sure only people who live in a specific neighborhood are able to join its network—giving users a level of privacy that sites like Facebook don't, email lists of inventive neighbors around Cupertino, California, inventive neighbors in the Lorelei neighborhood of Menlo Park, a private social network activation in a geospatially constrained area when 10 neighbors sign up, geo-spatial database, neighborhood member activation through postal mail, public/private geo-location constrained member groups, neighborhood member address verification, sharing of bulletin and wall communications between neighborhood resident users only, customer lists, architecture, social networking, friend grouping, providing real time updates, neighborhood-level privacy controls, feed aggregation, spheres of influence, application technologies, filtering relevant feeds across multiple networks, filtering conversations, adding contextual relevancy to private messages and connections in a geospatially constrained area, and connections across interactions in neighboring communities, providing in depth conversations through a social graph, community governance, bidding history of the Nextdoor.com domain, the activation of the Lorelei neighborhood as a prime testing neighborhood for communication, neighborhood communication and geo-spatial social networking, and the use of the name Nextdoor.com in conjunction with a private social network for neighborhoods.

On or around October 26, 2011, Nextdoor.com publicly launched the www.nextdoor.com online neighborhood social network that was created and built using at least some of the trade secrets improperly acquired and used from Abhyanker. As in virtually all trade secret

misappropriation cases, the specific details of CounterDefendants' misappropriation were not advertised or broadcast; rather, the improper acquisition, disclosure, and use was done secretly—behind closed doors. It is for this reason that plaintiffs are typically permitted to plead the facts relating to misappropriation on information and belief and pursue them through discovery. *See, e.g., Brocade Communications Systems, Inc. v. A10 Networks, Inc.*, 2011 U.S. Dist. LEXIS 30227, *19-20 (N.D. Cal. 2011). Despite this widely accepted principle by California federal and state courts, Mr. Abhyanker has been required to plead—in his trade secret designation—facts regarding misappropriation with particularity, a standard that is impossible to meet when the facts are within the exclusive knowledge of CounterDefendants. By imposing this standard, Mr. Abhyanker is effectively being deprived to pursue discovery on his trade secret misappropriation claim. Nevertheless, with this standard in mind, Mr. Abhyanker has been forced to limit his identification to the particular trade secrets identified below.

II. IDENTIFICATION OF TRADE SECRETS

At this time, Mr. Abhyanker is limiting his identification of trade secrets in this designation to two trade secrets: the bidding history of the Nextdoor.com domain and the identification of the Lorelei neighborhood in Menlo Park, California as the ideal first neighborhood to use to test and launch a neighborhood social network.

III. MISAPPROPRIATION OF TRADE SECRETS

A. Whether the Trade Secret Was Acquired By Each Defendant and Supporting Factual Basis

Mr. Abhyanker alleges that the bidding history and the identification of the Lorelei neighborhood were acquired by Counterdefendants Sandeep Sood and Monsoon Enterprises. The factual bases for these allegations include (1) Mr. Abhyanker hired Counterdefendants Sandeep Sood and Monsoon Enterprises pursuant to a confidentiality agreement to work on his LegalForce and Nextdoor ideas; (2) Mr. Abhyanker confidentially disclosed the bidding history to Counterdefendants Sandeep Sood and Monsoon Enterprises, who were copied on confidential bids for the domain Nextdoor.com; and (3) the identification and selection of the Lorelei neighborhood as an optimal testing neighborhood was confidentially disclosed by Mr. Abhyanker

1 to Counterdefendants Sandeep Sood and Monsoon Enterprises.

2 Mr. Abhyanker alleges that the bidding history and identification of the Lorelei
3 neighborhood were acquired by the Counterdefendant Benchmark entities. The factual basis for
4 this allegation is that Abhyanker confidentially disclosed the bidding history and identification of
5 the Lorelei neighborhood to Benchmark during a meeting in June of 2007, which was attended by
6 the majority of Benchmark partners and many Entrepreneurs-in-Residence (EIRs).

7 Mr. Abhyanker alleges that the bidding history and identification of the Lorelei
8 neighborhood were improperly acquired by Counterdefendants Nextdoor.com and Prakash
9 Janakiraman when they were improperly disclosed to them by Counterdefendants Sandeep Sood,
10 Monsoon Enterprises, and Benchmark as described in Section III.B below.

11 **B. Whether the Trade Secret Was Disclosed by Each Defendant and Supporting**
12 **Factual Basis**

13 Mr. Abhyanker alleges that Counterdefendants Sandeep Sood and Monsoon Enterprises
14 disclosed Mr. Abhyanker's trade secret bidding history for the Nextdoor name and the
15 identification of the Lorelei neighborhood to Counterdefendants Nextdoor.com and Prakash
16 Janikaraman. The factual bases for the allegations are (i) in December 2012, Counterdefendant
17 Sood filled out a Survey for Counterdefendants Nextdoor.com and Prakash Janakiraman, (ii)
18 Counterdefendant Sandeep Sood purposely and intentionally concealed from Mr. Abhyanker the
19 fact that he went to college with Nextdoor.com's Prakash Janakirman and that they have been
20 very good friends for many years and frequently communicate; (iii) Counterdefendant Sood has
21 admitted to Mr. Abhyanker that he has frequently communicated with Mr. Janakiraman but
22 refused to disclose the actual communications; (iv) Nextdoor.com actually ended up testing and
23 prototyping their social networking in the Lorelei neighborhood despite having no connection to
24 that neighborhood and the existence of approximately 1,500 neighborhoods in the San Francisco
25 Bay Area; and (v) Nextdoor.com used Abhyanker's confidential and trade secret bidding history
26 on the nextdoor.com domain name to outbid Mr. Abhyanker for the domain name.

27 Mr. Abhyanker alleges that the Counterdefendant Benchmark entities disclosed Mr.
28 Abhyanker's trade secret bidding history for the Nextdoor name and the identification of the

1 Lorelei neighborhood to Counterdefendants Nextdoor.com and Prakash Janikaraman. The factual
2 bases for the allegations are that Mr. Abhyanker alleges (i) Nextdoor.com's founders Nirav Tolia
3 and Prakash Janakiraman were EIRS at Benchmark and on information and belief, by virtue of
4 their status as EIRs, had the ability or opportunity to access the trade secrets delivered by
5 Abhyanker to Benchmark partner Peter Fenton on or about June 22, 2007 as described above; (ii)
6 Tolia has admitted to taking a calculated 'MBA' approach to pivoting his company from Fanbase
7 to Nextdoor rather than taking the risk of building something original to ensure success; (iii) Tolia
8 is part of the CEO Roundtable, a collection of Benchmark Entrepreneurs-In-Residence that
9 secretly meet monthly to share tips about ideas that they have heard from others (see:
10 <http://www.businessinsider.com/silicon-valley-secret-power-dinners-2013-1>); (iv) Tolia had the
11 means, opportunity, and need to pivot his company from Fanbase to Nextdoor or risk losing his
12 business; (v) Benchmark expressed a great deal of interest and enthusiasm over Abhyanker's
13 trade secret concepts and was about to invest before suddenly pulling the plug, only to later invest
14 in and start its own knock-off business based on Abhyanker's trade secrets, namely,
15 Nextdoor.com; (vi) Abhyanker confidentially disclosed his trade secrets to Benchmark EIRs Bret
16 Taylor and Reid Hoffman in 2007, who are both informal advisors to Tolia as part of the CEO
17 Roundtable and meet monthly to share ideas and tips from businesses that they have heard about;
18 (vii) Abhyanker possesses emails from individuals, such as Sergio Monsalve and Bill Harris,
19 raising suspicions that Benchmark EIRs , including Brett Taylor and Jim Norris, were intending
20 on building a competing start-up based on Abhyanker's confidential trade secrets; (viii)
21 Abhyanker spoke to Benchmark EIRs Brett Taylor and Jim Norris regarding their intent to build a
22 competing start-up and they assured Abhyanker that they were interested in starting their own
23 company in a non-competitive space but then proceeded to do the exact opposite through their
24 involvement with the directly competitive Nextdoor.com based on Abhyanker's confidential trade
25 secrets; (ix) based on the representations of Benchmark EIRs Brett Taylor and Jim Norris that
26 they would not enter a competing space, agreements were prepared and sent to Brett Taylor and
27 Jim Norris to reflect that agreement, but they *tellingly* refused to sign them; (x) Brett Taylor is the
28 former manager/supervisor of Counterdefendant Janikiraman at Google; and (xi) Brett Taylor and

1 Tolia are close personal friends that meet socially and part of the CEO Roundtable group.

2 **C. Whether the Trade Secret Was Used by Each Defendant and Supporting**
 3 **Factual Basis**

4 Mr. Abhyanker alleges that Counterdefendants Nextdoor.com and Prakash Janikaraman
 5 used Mr. Abhyanker's trade secret bidding history and identification of the Lorelei neighborhood
 6 in the development and launch of their www.nextdoor.com website. The factual basis for these
 7 allegations include: (i) Nextdoor.com used Abhyanker's confidential and trade secret bidding
 8 history on the nextdoor.com domain name to outbid Mr. Abhyanker for the domain name, and (ii)
 9 Nextdoor.com tested and prototyped its social networking in the Lorelei neighborhood using the
 10 website at loreleineighbors.reallifelabs.com.

11 Mr. Abhyanker alleges that Benchmark used at least the bidding history for the
 12 nextdoor.com domain name to outbid Abhyanker. The factual basis for this allegation is that Mr.
 13 Abhyanker had made confidential bids to purchase the nextdoor.com from Kevin Watson of Next
 14 Door, LLC. After someone had outbid Mr. Abhyanker, Mr. Abhyanker sent an email to Kevin
 15 Watson inquiring about the bidding and the identity of the successful bidder. In a November 29,
 16 2011 email string, Mr. Watson responded that "the person who contacted me was Josh Becker"
 17 and "if I recall he was representing Benchmark I think." Moreover, Benchmark is a large
 18 investor in Nextdoor.com. Therefore, by way of this relationship, Benchmark is also illicitly
 19 benefiting from Nextdoor.com's improper use of Abhyanker's trade secrets.

20 **IV. CONCLUSION**

21 Finally, in addition to the above identified trade secrets, Mr. Abhyanker reserves the right
 22 to identify additional trade secrets upon the revelation of more definitive facts through discovery
 23 or other investigation.

24 Dated: December 11, 2013

Respectfully submitted,

LEGALFORCE RAJ ABHYANKER, P.C.

By /s/

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